

111TH CONGRESS
2D SESSION

H. R. 6488

To amend the Internal Revenue Code of 1986 to coordinate the reduction in the American Opportunity Tax Credit with Federal Pell Grants, to the extent such grants are attributable to expenses not eligible for such credit.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 2, 2010

Mr. DAVIS of Illinois introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to coordinate the reduction in the American Opportunity Tax Credit with Federal Pell Grants, to the extent such grants are attributable to expenses not eligible for such credit.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. AMERICAN OPPORTUNITY TAX CREDIT CO-**
4 **ORDINATION WITH PELL GRANTS.**

5 (a) IN GENERAL.—Subsection (i) of section 25A of
6 the Internal Revenue Code of 1986 is amended by adding
7 at the end the following new paragraph:

1 “(8) COORDINATION WITH PELL GRANTS NOT
 2 USED FOR QUALIFIED TUITION AND RELATED EX-
 3 PENSES.—For purposes of this subsection, any
 4 amount determined with respect to an individual
 5 under subsection (g)(2) which is attributable to a
 6 Federal Pell Grant under section 401 of the Higher
 7 Education Act of 1965 (20 U.S.C. 1070a) shall be
 8 reduced (but not below zero) by the amount of ex-
 9 penses (other than qualified tuition and related ex-
 10 penses) which are taken into account in determining
 11 the cost of attendance (as defined in section 472 of
 12 the Higher Education Act of 1965, as in effect on
 13 the date of the enactment of this paragraph) of such
 14 individual at an eligible educational institution for
 15 the academic period for which the credit under this
 16 section is being determined.”.

17 (b) EFFECTIVE DATE.—The amendments made by
 18 this section shall apply to taxable years beginning after
 19 December 31, 2009.

20 **SEC. 2. EXPANSION OF PELL GRANT EXCLUSION FROM**
 21 **GROSS INCOME.**

22 (a) IN GENERAL.—Paragraph (1) of section 117(b)
 23 of the Internal Revenue Code of 1986 is amended—

24 (1) by striking the period at the end and insert-
 25 ing “, or”,

1 (2) by striking “received by an individual as a
2 scholarship” and inserting the following: “received
3 by an individual—

4 “(A) as a scholarship”, and

5 (3) by adding at the end the following new sub-
6 paragraph:

7 “(B) as a Federal Pell Grant under section
8 401 of the Higher Education Act of 1965 (20
9 U.S.C. 1070a).”.

10 (b) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to taxable years beginning after
12 December 31, 2009.

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